

**Access to Microfinance & Improved Implementation of Policy Reform  
(AMIR Program)**

**Funded By U.S. Agency for International Development**

**STRATEGIC PLAN OUTLINE  
MICROFINANCE ASSOCIATION OF JORDAN (MAJ)**

Final Report

**Deliverable for SMI Component, Task No. 3.4.14  
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*This report was prepared by Ms. Helen Dunalp, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.*

## Strategic Plan Outline Microfinance Association of Jordan (MAJ)

The following is an outline of the proposed Strategic Plan for the Microfinance Association of Jordan (MAJ). The leadership of the four MFIs in Jordan developed this framework with other key individuals actively involved and committed to both a strong MFI community and quality sustainable microcredit services in Jordan. This group is referred to as the Birthing Committee in this outline.

### Background

The strategic planning development included an intensive 1.5-day planning session which was preceded by a series of meetings where the group developed the mission statement and objectives for a Jordanian Microfinance Association. It should be noted that this work did not include the specific development of a work plan. However, since the strategic planning session, the group has subsequently met three times and begun work plan development which was outlined in a separate document.

### Mission – Purpose

*MAJ is being formed to develop, expand, represent and promote the microfinance industry in Jordan with a critical focus on the sustainable microfinance institutions (MFIs) in Jordan.*

### Vision –Impacts (Outcomes)

By 2005, MAJ and MFIs committed to sustainability in Jordan seek to accomplish the following:

- Growth in the constituency of providers and funders dedicated to and supportive of sustainability
- A regional reputation for the successful provision of microcredit services in Jordan
- Development by the government of set of progressive laws and regulations which support and institutionalize the sustainable MFI industry in Jordan. These laws and regulations will build on and be a part of banking services available to Jordanians.
- Development of the legal structure and/or licensing system to ensure the integration of sustainable MFIs into the financial services delivery system in Jordan

- Support for the development and integration of savings products which serve the current and potential customer base of MFIs and provide for the further sustainability of the MFIs
- Implementation of systems, programs and tools which assist MFIs to work more effectively together for their customers including training, adoption and implementation of professional standards, setting up information services and database as well as a regional network for communication.
- Collaboration by existing MFIs such that the current providers are more effective and sustainable ( this may include some consolidations and/or integration of MFIs who are not now dedicated to sustainability)
- Recognition of microfinance by Jordanian business and governmental leaders as a critical component of the growth and stability of the Jordanian economy
- Opportunities for funders to invest including prototyping a capital fund
- Promotion of industry standards for sustainability

## **Current Needs/Desires**

The following is a listing of those needs and initiatives which are most critical to the MFIs and individuals supporting and working with MFIs, and which can be most appropriately addressed by a collective such as an association, as identified by the Birthing Committee.

- A system for sharing information and data with a focus on client information to improve services and avoid market duplication
- A set of legislative and regulatory proposals which would insure recognition of the MFIs
- Research, both within Jordan and internationally as well as legislative initiatives to support the prototyping of savings products
- A forum for collaboration as well as to deal with and work through potential territorial conflicts between MFIs
- A credit bureau
- A system and programs for the training and development of industry professionals, both in Jordan and beyond.
- A campaign or other initiatives to market the positive value that microfinance can contribute to the future of the Jordanian economy

## **Key Environmental Forces**

Amongst the many environmental conditions and forces which influence the potential success of a new Association and the MFIs, the following were identified as of principle influence.

## External Forces

- The negative perception of the microfinance industry by the central bank
- The regulatory environment (or lack of ) of the microfinance industry
- Subsidized lending and lenders who distort the market, drain customers and resources and send a message to borrowers, donors and parliament which undermines the MFI's
- Success will bring the banks into the market
- Interest rates and availability of capital
- Lack of awareness by the financial and business community
- Limited capital/no wholesale vehicle
- Need for new products and services to grow base/sustainability-e.g. savings products

## Internal Forces

- MFIs are young and need to mature, increase efficiency and capacity to gain a reputation and achieve their sustainability and development impact objectives
- Limited market base given number of MFIs
- Need a critical size to survive
- Need standards and professionalism
- AMIR will be leaving creating a void in the support for MFI requiring replacement for current and potential roles, capital, and services

## Limitations/ Roles MAJ will not play

- Employee representation (Trade Union Roles)
- Support and development of subsidized lending organizations
- Social organization or services
- Borrower services
- Direct Financing Vehicle

## Core Principles

MAJ is being formed to build and support the MFIs. Therefore the Association will engage in activities and initiatives which are selected by the MFI and which build the industry. MAJ will not engage in actions or initiatives, which promote one MFI to the exclusion of the others.

MAJ believes in the core principle of sustainability and therefore its initiatives and energies will be exclusively for the purpose of building institutions, which believe in and support sustainability.

## Initial Critical Initiatives (First 12-18 month focus)

The following were identified as the most critical strategic initiatives.

1. Organize a lobbying (education and advocacy) effort to help to institutionalize the MFI industry and to facilitate expanded services such as savings products, which will meet market needs and strengthen the MFIs
2. Develop a marketing (public awareness) plan for microfinance as key service in the building of individual and community economic health
3. Develop and deliver services, which meet the needs of members including most particularly, shared services such as information/database networks.
4. Develop and deliver practitioner support services to MFIs and individual members including training, technical assistance and basic information services/Insure that such services meet the standard of quality defined by MAJ

Other initiatives, which were identified as possible in the first 2-3 years, were as follows:

1. Develop and ensure the delivery of BDS services, which help microenterprises grow and be successful.
2. Define and implement a shared system for measuring (benchmarking) the impacts of MFIs

## Strategic Directions

The following section is the very preliminary work planning done by the Birthing Committee.

1. *Objective-Develop a legal and regulatory framework which stimulates and supports the growth and development of the MFIs.*

Principle Outcome- Fully fledged/registered MFIs abiding to the laws.

Initial Actions-

- Develop an outline of specific desired regulations/legislation
- Define the strategy for achieving outcome including
- determining whether this is feasible at this time
- Given Association has been formed hire staff or consultant to develop legal and lobbying- advocacy action steps

- Link to education and awareness campaign to build strong support and understanding the reasons that underpin what MFIs can do and are doing for the economy
- Identify prototype of desired products and steps for implementation –study and document need. Document examples in other countries regions
- Initiate legislative development

Primary Responsibility for Implementation- Association Ex/Consultant  
Resources-AMIR, Funders, MFI staff,

*2. Objective: Develop a comprehensive state of the art training capacity*

- Develop a multi level training program to meet the needs of the members and clients and become leader in the region.
- Provide “exit strategy” for training developers

Actions:

Conduct training needs assessment (a)

- Prepare regional training programs (a)
- Develop specific modular training workshops (a)
- Investigate and tap into international training opportunities (b)
  - workshops in Jordan
  - study tours abroad
- Host and organize international events (summits, conferences, etc. (b)
- Develop study tour IN Jordan (b)
- Interface with developers of organizing materials.

Outcome:

- Short term (a) < 12 months
- Long term (b) > 12 month

Responsibility/Resources:

- Training committee
- Fees for service

*3. Objective: Develop a regional resource center*

Develop a pool of information/database providing  
needed information to members

Actions:

Become contact point between international & locals

- Donors
- Consultants
- Academics/Research

- Establish a microfinance library
  - Books, magazines, newsletters
  - Videos
  - Virtual library
  - Books & Software Sale\$
- Provide information to the national Credit Bureau
- Develop website
  - Sell advertising
- House a client database
- Create a pool of consultants
- Host periodic meetings for networking/industry chats
- Translation of materials

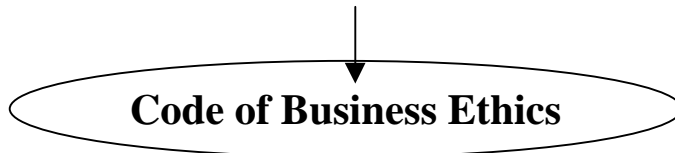
Outcomes:

To begin immediately given Association definition of critical items to attract member fees

Resources:

USIS-WorldBank UNDP etc donations  
Fees for service  
Fundraising  
Sales

4. *OBJECTIVE: DEVELOP A CODE OF BUSINESS ETHICS FOR THE MFIs*



- Emphasize sustainability
- Addressing needs of target group

ACTIONS:

- Scanning
- Survey
- Benchmarks

OUTCOME:



- Better working environment
  - Common language
  - Leverage
- avoid miscommunication

RESPONSIBILITY

- Ed Committee
- MDI's (practitioners)

5. Objective: SHARED SERVICES

THE FOLLOWING ARENAS HAVE BEEN IDENTIFIED AS POSSIBLE FOCII FOR SHARED SERVICES

- Database
- TA
- Training

RESULTS:

- Complementarity
- Eliminating overlapping
- Setting "B/P" standards

ACTIONS:

- Assess needs
- Establish sub-committee
- Establish infrastructure

OUTCOME:

- Economies of scale
- Cost-effectiveness

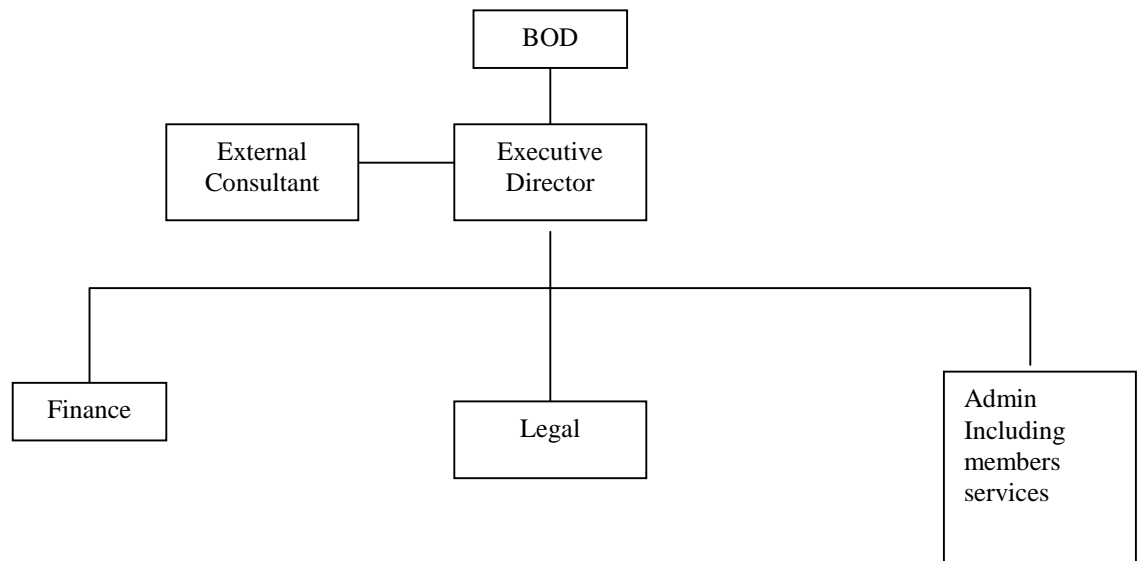
RESPONSIBILITY:

- Association Management

## **Initial Governance Plan**

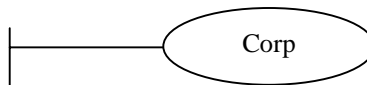
Time spent on governance was brief and the Birthing Committee has subsequently developed a strategy for developing bylaws and other organizational documents. The following is a very brief summary of the discussions at the Strategy Session.

## Organization Chart

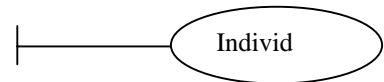


Executive -

- MF Knowledge
- Not a board member
- Great Networking Experience
- Previous board member experience



- MFIs will have voting rights
- Individuals may be members but Will have limited voting role
- Might limit voting for board of directors
- Always majority- board of MFI
  - Concerns
  - Limits- access to information, database



- No General Assembly

